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WEST EUROPE REPORT

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COUNTRY DEBATING INCREASED USE OF SOVIET NATURAL GAS

Increased Exports Possible

Helsinki HELSINGIN SANOMAT in Finnish 2 Nov 82 p 23

[Article by Markku Hurmeranta: "One Year Ago a Coal Commotion--Now It Is Time for a Gas Hysteria"]

[Text] Natural gas has been debated hysterically in recent times.

Interest has started mainly from the Neste [company], which is trying frantically to find new service areas in case oil consumption declines irreversibly.

The gas debate has also been a part of the "liturgy" of trade policy with the East.

Over a year ago, coal was the main subject of Finnish energy debate, and attitudes about that were at least as overenthusiastic.

If Finland decides to increase imports of Soviet natural gas, it will probably be a decision more of trade policy than of energy policy. Namely, gas would be seen as a balancing factor in trade between Finland and the Soviet Union, where there is a crying need for new import items.

Increasing imports of natural gas has been promoted by politicians in their Sunday speeches as a patent remedy for the present problem with Eastern trade, either consciously or unconsciously forgetting that gas purchases could scarcely be made in time to affect the imbalance of the present moment. This is because consumption in the area around Kouvola, where the gas pipeline terminates, can hardly be increased at all, and new pipelines cannot be gotten ready before the end of the current five-year agreement, by which time it is intended that the imbalance in trade between the two countries should be taken care of.

Looking at the long range, however, demands for increased gas imports are more than justified. Increased gas imports may in fact be one of the few means by which Finnish exports to the Soviet Union can increase in the future.

Up till now trade balance has been maintained as a rule by imports of crude oil and also of distilled products, but in the future oil imports will decrease irreversibly.

The Soviet Union has already notified its smaller CEMA partners that it will decrease oil exports to those countries. Replacing oil with gas in time seems justified, since oil wells run dry noticeably faster than gas fields.

Price a Stumbling Block

The biggest stumbling block in gas imports has so far been its enormous price compared to other energy forms. As a fuel for power plants, gas costs at this moment 81 marks per megawatt-hour. According to some estimates, the price should drop by 20 to 30 percent in order for it to be interpreted as economically profitable.

In the most recent negotiations conducted, the Soviet gas supplier clearly showed an interest in Finnish wishes. According to Neste's announcement, the Soviet Union is ready to lower the price of gas to a competitive level if enough consumers in Finland could be found. In the initial phase, consumption would have to rise from the present 700 million cubic meters to 900 million cubic meters per year. The long-range trade agreement between the two countries contains a commitment for 1.4 billion cubic meters per year, but this level has never been reached.

But even after the recent price announcement, a new gas agreement is still a long way off. There remains to be negotiated what kind of price mechanism will guarantee that gas remains at a competitive price even after pipeline investments have been made.

One should not, however, look at the price of gas with just one eye. One can conclude from the fact that the environmental movement has won that we might be prepared to pay a little more for it than for competing fuels, because of its freedom from pollution.

The area around the capital city, which is not studying its energy options, is in a key position for increased gas consumption. It is interesting to observe that debate on the gas option in the Helsinki city council has become heated only since the present head of the energy commission, director Eino Toivianen, reached retirement age. Toivianen is known not to have warmed up to the gas question while in office.

Pipeline Proposal in Billions

At this time the share of natural gas in Finland's energy consumption is three percent. According to estimates that have been presented, an increase to 6 or 7 percent would require an investment of between 1 and 1.5 billion marks in pipelines. Extensions of the natural gas network would not be economically feasible as long as the present price prevails; they would require special state subsidies.

By continuing the present pipe to both Hame [province] and to the capital area, gas consumption could be raised to at most 2 billion cubic meters [per year]. Thus in comparison to the present situation, additional consumption could be found only up to the amount of a billion cubic meters [per year].

Even from the point of view of balancing Eastern trade, additional import of natural gas is not problem-free, because a new gas pipeline would at the same time decrease oil consumption by about a million tons a year, according to estimates.

Coal Hysteria Ended Suddenly After a Year

The cessation of coal imports from Poland created an unprecedented coal hysteria over a year ago. It seemed that distant markets were opening up, at which time Neste became interested in the matter.

The company studied transportation of coal by rented ships of third countries just for this purpose. Finnish outfitters worried by Neste's intentions claim that the company paid high prices for its lessons.

At the same time, the company's coal-port group travelled widely throughout the world, getting acquainted with various coal-port solutions. The work was not wasted, because the company decided to transform its Porvoo oil-port to serve also for coal imports.

Neste's leadership has been proud of its small investment, comparing it to the same things done by Inko and Tahkoluoto [companies]. Ten or twenty million is no doubt a small amount to Neste. But at the present price level, it is still difficult to believe that the investment was a profitable one.

But not only Neste is to be blamed for the hysteria by any means. The pathological worries of private industry over the intentions of Neste, a state-run company, to "corner the whole coal market," gave rise in an instant to industry's own coal operations, which were later combined into a single company. This rather small company opposing Neste is now operating under the name Finncoal.

Industry's coal-importing company and certain Finnish ports made, in addition, a cooperative agreement, according to which Finncoal promised to use Finnish vessels for its transportation. The agreement didn't actually have to be put into effect, because Finncoal didn't have time to import anything significant before the "coal bomb" was already over with.

Now coal reserves in this country are bulging. Coal can again be obtained from Poland, but imports cannot be increased at all noticeably.

In many places people are cursing the recent overexcitement. Now coal can be obtained much cheaper. But the hands of many users are tied by long-term agreements.

Alternatives to Gas

Helsinki HELSINGIN SANOMAT in Finnish 2 Nov 82 p 23

[Article: "Esko Ollila, Minister of Trade and Industry (Center): Gas Could Delay a Large Power Plant"]

[Text] A quick decision to extend the present natural-gas pipeline could give additional time to consider a solution for a large power plant. "Gas is not rising up as an option to a large power plant. Surely in this regard the options are still either coal or nuclear energy," says Esko Ollila, minister of Trade and Industry.

The gas decision may, however, postpone the decision on a large power plant. The additional time thus gained should be used for debate on energy policy, in Ollila's opinion.

In order to speed this up, the government will give to Parliament its own report on energy policy about the middle of this month.

At the same time, a new program for energy policy is being prepared. "On the basis of recent discussions, I would predict that natural gas will be mentioned more seriously in this connection as an alternative," observes Ollila.

In addition to its high price, gas consumption in Finland has been held back by various prejudices. "We in Finland do not have the same tradition of gas use as Central Europe, for instance, and this is surely one reason why people have had a poor attitude toward it."

According to the Energy Department of the Ministry of Trade and Industry as well as Imatra Power [company], new electricity will be needed in Finland by the early 1990's. If the large power plant decision is made in favor of nuclear power, the decision in principle to build a new atomic plant should be made by next year at the latest. A coal plant could be decided on a little later, on account of its shorter construction timetable.

The government now in power does not intend to do anything more about the matter of a large power plant. Also the new nuclear energy law, which has been in preparation for years, will be postponed till after the elections.

Ihamuotila in Financial Difficulty

A gas pipeline would be a costly investment in Finland, if it extends to both the capital city area and to the west coast. According to Neste manager Jaakko Ihamuotila, "it is not obvious that Neste would have the ability to do this alone."

Ihamuotila, who otherwise appears to be a man of few words, becomes quite talkative when he starts to explain Neste's weakened financial position arising from the present price freeze on oil products.

According to Ihamuotila, Neste's indebtedness during the time of the price freeze (about 150 million marks a month) is reflected in the whole range of the company's investments, which in recent years have been between one-half and one billion marks per year.

In the event that the pas proposal is eventually realized, Neste would not be left to do the work alone. "If enough gas consumers can be found, there will also be a readiness on the part of the government to negotiate about investments," says Ollila.

9611

CSO: 3617/24

ENERGY ECONOMICS

FINLAND AWAITS SWEDISH DECISION BEFORE EXTENDING USSR PIPELINE

Helsinki HUFVUDSTADSBLADET in Swedish 26 Oct 82 p 10

[Article by Heikki Korkkolainen]

[Text] The pressure in the natural gas pipeline is increasing, but no one knows for sure if there is enough pressure to extend the underused natural gas pipeline from Kouvola farther westward and southward. A dependable source of gas, the promise of a competitive price, environmental aspects, new jobs, and trade advantages all are points in favor of the increased use of natural gas.

In a few years, Finland could increase its consumption of natural gas to about 3 billion cubic meters, assuming that the gas pipeline is extended to the Helsinki region, the Tammerfors industrial region, and to Satakunta. The main questions now are the price of the gas and the cost of pipeline construction.

The most advantageous solution for Finland would be for Sweden to decide in the near future to purchase natural gas from the Soviet Union. In that case, the cost of the pipeline could be shared by the two countries. The total investment would decrease considerably and the most important consumer regions in Finland could be reached by the pipeline.

What Will Sweden Say?

"The ball now is in Sweden's court," according to Neste. The position of the new government is not known. The Foreign Ministry has not yet been in contact with the Swedes to clarify their position on the pipeline issue.

On the other hand, the Foreign Ministry has examined the impact of natural gas imports on trade policy, according to undersecretary Ake Wihtol. About one third the cost of increased gas imports would replace other imports from the Soviet Union, but the rest would replace imports from other countries. Thus, it would be possible to increase significantly exports to the Soviet Union.

The natural gas would be used to replace coal, primarily, but it also would replace some heavy fuel oil. The gas could be used for heat production and by industry.

Neste has not officially begun to negotiate with Soyuzgaseksport over the price, but the export company has said it was prepared to reduce the price if consumption increased. The Soviet company can compete in terms of price with other sources of fuel, according to director Yurii Baranovskii.

The most important open question at this time is Finland's desire to link the price of gas to that of coal so that the gas is not permitted to become more expensive than coal.

Soyuzgaseksport informed Neste last week that it was prepared to make price adjustments next year if Finland could increase gas consumption from this year's figure of about 700 million cubic meters to at least 900 million next year.

Two Year's Work

It would take at least 2 years to lengthen the natural gas pipeline, so there will be no immediate relief from the imbalance in trade with the Soviet Union. In the long run, however, the natural gas would mean steady, reliable imports and, thus, increased exports. The pipeline would have a significant impact on employment even during the construction phase.

Four years ago the Trade and Industry Ministry concluded that the pipeline construction would employ 1,000 people for 1 year. The indirect effect on employment would amount to 2,000 man-years.

One point in favor of a quick decision on the natural gas question is that the alternatives are limited in the regions that would be served by the gas pipeline.

Since it is desirable for the state to participate in the project, it is probable that no decisions can be made without a decision in principle by the government.

1.5 Billion

If the pipeline is extended to Sweden, Finland's share would be between 1.5 and 1.7 billion marks, according to Neste's estimates. In that case, the pipeline would be built from Kouvola to the Nystad region and from there to Gavle on the ocean floor.

Neste also has estimated that it would cost 300 million marks to construct a pipeline to Helsinki via Borga.

According to the original route to Sweden, the main line would run from Lahti to Tavastehus to Nystad. Branches were to be constructed southward to the Helsinki region via Riihimaki-Hyvinge and northward to Tammerfors and Bjorneborg.

Cheaper Than Coal Power

In the Helsinki region the gas would be used primarily for district heating a five power plants. According to Neste's calculations, this alternative is 1 to 1.7 billion marks cheaper than using coal-fired plants.

Neste also has concluded that gas-fired power plants in Helsinki could increase the country's natural gas consumption by 700 million to 1 billion cubic meters. In addition, households and industry could use 100 to 200 million cubic meters.

Including the possible consumption in the Tammerfors and Satakunta region, natural gas consumption could increase by a total of several billion cubic meters.

Tavastland Pushing

Officials in Tavastland want the state to examine the various pipeline alternatives in the inner sections of the country while Neste is studying the possibility of extending the gas pipeline from Kouvola to Helsinki. The three regional planning associations in the area already have decided to present a formal request for this to the Trade and Industry Ministry.

The regional planning associations believe, for the sake of fairness, that the pipeline should split in Janakkala. From here it would continue northward and southward.

There is insufficient fuel peat in Tavastland and, because of transportation costs, coal is more expensive there than it is along the coast, according to regional planning engineer Erkki Rope of the Paijat-Hame regional planning association.

Rope stressed that Tavastland must have a decision on the gas pipeline in the near future. Tammerfors will make a decision on energy policy within 1 year and Tavastehus will make a decision shortly thereafter. The County Association of Tavastland also wants to speed up the decision makers. The pipeline network should be extended from Kymmenedalen to Lahtis and, from there, on to Tammerfors and Tavastehus.

"In the present situation, with high unemployment in Tavastland, construction of a natural gas pipeline would have a significant impact. In addition, domestic production of pipe would increase employment in developing regions, according to the County Association.

Natural Gas Imported For 8 Years

Finland has imported natural gas from the Soviet Union for 8 years. Neste has been responsible for these imports. Neste has been publicly criticized rather sharply because gas consumption has not increased at the rate specified in the contracts.

A year or so ago, Neste was criticized by the county governor of Kymmene, Erkki Huurtamo. The harshest critics demanded publicly that Neste be deprived of the right to import natural gas, since Neste, as an oil company, is seen as having interests that compete with the natural gas.

Recently Neste has become more active in the gas sector and just several weeks ago executive vice-president Jaakko Ihamuotila rejected plans for a separate company for natural gas distribution.

"These decisions are made not only on technical and economic grounds, but they also are affected by energy, trade, and even municipal factors," Ihamuotila said.

Although Ihamuotila did not say so, coal which competes with natural gas also is a significant factor.

Natural gas was imported from the Soviet Union for the first time in early 1974. According to the import agreement between Finland and the Soviet Union, Finland would import 26.1 billion cubic meters of natural gas by the end of 1993.

Consumption Far Below Planned Level

According to the agreement, by 1980 consumption was to have been 3 billion cubic meters, i.e. about four times the amount actually imported. Last year 740 million cubic meters of natural gas was imported.

According to the trade agreement for this year, 1 billion cubic meters of natural gas should be imported, but consumption probably will remain at last year's level. According to the present 5-year agreement, 1.4 billion cubic meters of natural gas should be imported in 1981 and 1982. During the subsequent 3 years, 1.4 billion cubic meters or more should be imported.

From 1974 to 1981 Finland imported 466 million, 761 million, 892 million, 902 million, 981 million, 986 million, 927 million, and 736 million cubic meters of natural gas. According to energy statistics, natural gas imports last year were worth 545 million marks.

9336

CSO: 3650/33

BRIEFS

POLAND OFFERS COAL SUPPLIES--Poland has offered Imatran Voima a large quantity of coal, but the Finnish company is not interested in the deal, since its stockpiles are full at present. Last week representatives of Imatran Voima and the Helsinki Power Board visited Poland to familiarize themselves with the present situation of the coal industry in Poland. At that time, the Poles offered to sell 750,000 tons of coal to Imatran Voima. Because Poland had difficulties meeting delivery dates, Finland signed contracts with the United States, Great Britain, and other countries several years ago. "Our stockpiles in Inga and in Nadendal are full today and we need no more coal at present," information director Klaus Raninen of Imatran Voima said. Imatran Voima also has a multiyear contract with Poland which still is in effect. According to the agreement, Imatran Voima was to have purchased 1.5 million tons of coal this year from Poland, but now only half this amount will be imported. [Text] [Helsinki HUFVUDSTADSBLADET in Swedish 26 Oct 82 p 10] 9336

CSO: 3650/33

AGREEMENT ON PURCHASE OF SOVIET OIL FOR 1983 SIGNED

Reykjavik MORGUNBLADID in Icelandic 27 Oct 82 p 5

[Article: "Agreement on the Purchase of 320,000 Tons of Petroleum Products From the Soviet Union Next Year"]

[Text] An agreement on the purchase of petroleum products from the Soviet "Soyuzneft export" oil company by Iceland next year was signed on 22 Oct in Moscow. According to the agreement, Iceland will purchase 145,000 tons of diesel oil, 75,000 tons of benzine and 100,000 tons of gasoline.

Thorhallur Asgeirsson, ministerial chief of the Icelandic Ministry of Trade, said that the quantity of gasoline to be purchased will be the same as in the Icelandic-Soviet agreement for this year. Some 5,000 tons more of benzine will be purchased but 15,000 tons less of diesel oil, on the other hand. The reason for the smaller purchase of diesel oil is, first and foremost, decreased consumption due to the lay up of the capelin fleet.

The agreement for the present year foresees a total purchase of 330,000 tons and the agreement for next year a total purchase of 320,000 tons. The pricing basis will be unchanged from the previous year's agreement.

The agreement was made in the name of the Ministry of Trade and subsequently submitted to the oil companies.

Serving on the agreement committee were Thorhallur Asgeirsson, on behalf of the Ministry of Trade, Jon Juliusson, division chief, and directors Ingolfur Pálsson, Vilhjalmur Jonsson and Thordur Asgeirsson of the oil companies.

When asked about it, Thorhallur Asgeirsson said that the opportunity had been taken advantage of to discuss frozen fish and herring sales with the Soviets. However, he said, naturally no agreements have been made in this area since this is completely in the hands of the exporters themselves. "Agreement discussions of the exporters will presumably take place in the near future. The goal in them will be continuing sales," said, in addition, Thorhallur Asgeirsson, ministerial chief of the Ministry of Trade.

BRIEFS

ELECTRIC POWER CONSUMPTION INCREASES--Icelandic consumption of noninterruptable power was 1,675 gigawatt hours during the first half of this year compared to 1,444 gigawatt hours during the same period last year. The increase between the years was thus around 16 percent. Public consumption was 770 gigawatt hours during the first half of the year compared to a public consumption of 716 gigawatt hours during the same period last year. The increase in public power consumption between the years was thus more than 7.5 percent. On the other hand, industrial consumption grew by more than 24.3 percent between the years. Industrial power consumption was 905 gigawatt hours during the first half of the year but it was 728 gigawatt hours during the same period last year. Excess power was around 105 gigawatt hours during the first half of the year and was 42 gigawatt hours during the same period last year. The increase between the years was 150 percent. Total electrical power generation during the first half of the year was 1,780 gigawatt hours, compared with 1,486 gigawatt hours the same period last year. The increase between the years was barely 20 percent. [Text] [Reykjavik MORGUNBLADID in Icelandic 13 Oct 82 p 2] 9857

CSO: 3626/5

WILLOCH GOVERNMENT DENIES GIVING IN TO U.S. ON GAS EXPORTS

Oslo AFTENPOSTEN in Norwegian 10 Nov 82 p 3

[Article by Terje Svabø: "Nonsense About Norwegian Gas and Reagan"]

[Text] In central government circles they say that it is out and out nonsense to assert that Norway is giving in to pressure from President Ronald Reagan in the matter of sale of Norwegian gas. It is pointed out to AFTENPOSTEN that the Continent and England are natural markets for Norwegian gas sales in the 1990's and that that market is obvious for geographical reasons, regardless of what Reagan may think and regardless of whether the Soviet Union constructs its gas pipeline number two. It is further pointed out that it is first and foremost commercial considerations, and not political ones, that will determine whom Norway will sell oil and gas to in the future.

Both Prime Minister Kåre Willoch and the rest of the government have reacted strongly to the statement in DAGBLADET that Norway is in almost every respect following Ronald Reagan's policy of sanctions against the Soviet Union. It is also denied that it is planning its gas sales in the 1990's to impede the Soviets' building their gas pipelines No. 1 and No. 2.

AFTENPOSTEN was told that in this debate some have apparently forgotten that the gas production in question, from Sleipner--but first and foremost the Troll field--will not be in production for about 10 years. The Norwegian authorities spent a lot of time explaining this to American authorities, and it is surprising to representatives of the Ministry of Foreign Affairs that they must now explain this internally in Norway, too.

For a long time it has been stressed by Norwegian authorities that gas sales to the Continent and England are the natural thing from geographical considerations and that the sales will take place on commercial conditions. Norwegian authorities do not wish to use the gas as a political instrument. Partly because that might lead other countries to react against Norway in other fields.

It will be at least another 10 years before Norway can begin to sell that gas and at least the same time frame must be set with respect to the oil operations in the Barents Sea. In Norwegian government circles the idea that pressure is

being exerted on Norway in these two areas is rejected. It is pointed out that any such pressure from our allies could be politically awkward if Norway had exploitable gas fields and no intention of doing anything with them. However that is not the case.

When it comes to a possible cooperation with the Soviet Union in the Barents Sea, Norway has said no, thanks to an offer made by the Soviet Union. That was to the effect that Norway would take part with large expenditures in a prospecting phase and be repaid in oil. The Soviet Union has made such a deal in cooperation with Japan, but it is directly in conflict with Norwegian oil policy. The state's own oil company, Statoil, "waits out" the costly prospecting phases and comes in when the finds are exploitable. Why should Norway take a different line in the Barents Sea and be paid in oil that we are already producing eight times our own consumption?

In the Ministry of Foreign Affairs they take a relatively calm view of the circumstance that French concerns will now take over in the Barents Sea as a result of Norway's lukewarm attitude. It is pointed out to AFTENPOSTEN that the Soviet Union has only made a start in prospecting and that it will be many years before anybody knows at all what equipment and platforms will be needed. It was put this way to AFTENPOSTEN: We are not looking here at a proposition that can save the Aker group over the coming winter.

When it comes to economic pressures against the Soviet Union, as we understand it nobody is convinced that they will force the Soviet Union to make smaller investments in armaments. On the contrary, they say that believing that any pressure will lead to such results is based on a simplified notion of how the Soviets set priorities on the use of resources. There is also a prevailing belief that normal economic relations between Norway and the Soviet Union will in the long run have more positive than negative consequences for the development in East Europe and hence for relations between east and west.

8815

CSO: 3639/26

IMPORT OF OIL FROM SAUDI ARABIA DROPS; NORTH SEA REPLACING

Stockholm SVENSKA DAGBLADET in Swedish 14 Oct 82 p 2

[Text] Sweden's oil importation continues to decline. At the same time, Saudi Arabia is no longer the largest supplier--more than half of Sweden's oil supplies come from the North Sea.

From January to August this year, Sweden imported 14.7 million tons of oil and oil products. During the same period last year, we imported 15.4 million tons. But in spite of this reduction, oil importation costs rose. Last year the cost was 16.6 billion kronor for the first 8 months and this year 17.8 billion, according to the Central Bureau of Statistics' quarterly report.

The importation of raw oil was radically reduced from 9.6 million tons to 7.9 million, an 18 percent drop. But the cost of the raw oil only declined by three percent, from 12 to 11.7 billion kronor. The importation of refined oil products rose by 17 percent to 6.8 million tons. This year we paid 33 percent more for refined oil products compared to last year.

Norwegian Supplies Growing

Saudi Arabia, which used to be the dominant supplier and provided half of Sweden's oil supplies a few years ago, was only responsible for 10.5 percent of the raw oil importation during the second quarter of this year. Great Britain supplied over 40 percent and Norway 24 percent--altogether 55 percent.

Saudi Arabia is one of the 13 OPEC nations whose production declined by 24 percent the first 6 months of this year. This means that the 13 OPEC nations together produced 35 percent of the world's raw oil. During the same period last year, OPEC produced 42 percent of the world's raw oil and that was considerably less than in previous years.

Total Reduction

The world's total raw oil production continues to decline--by 9 percent the first 6 months of this year compared to the same period last year. This reduction applies specifically to the OPEC nations. North Sea production rose by 10 percent, for example.

FAEROES' PRIME MINISTER DISCUSSES GREENLAND, ICELAND TIES

Reykjavik MORGUNBLADID in Icelandic 7 Oct 82 p 16

[Interview with Pauli Ellefson, Faeroe Island Prime Minister: "Cooperation of the Faeroe Islands and Iceland Highly Desirable"]

[Text] "Committees have been appointed in the Faeroe Islands and in Iceland to discuss and prepare for deliberations and cooperation of the two countries. They will meet next month. Greenland has been offered observer membership at the meeting and will, it is expected, play a major role in the future. Cooperation is highly desirable for both countries, especially in terms of fishing." So stated, among other things, Pauli Ellefsen, Faeroe Island prime minister, when a MORGUNBLADID reporter talked with him in Iceland on the subject of cooperation between the Faeroe Islands and Iceland.

We Have Made Very Good Catches in Icelandic Waters

[Question] In what areas does fisheries cooperation between Iceland and the Faeroe Islands take place? What will the major changes be?

[Answer] Iceland is aware of the good cooperation that is possible between our brother countries. It is also aware of the need of the Faeroe Islands to fish outside of its territorial waters. Thus Iceland has allowed the Faeroe Islands to take a quota of cod and other bottom fish within Icelandic jurisdiction. This has suited the Faeroe Islands well in view of the difficult changes that have taken place since 1975. The fact that we have lost considerable fishing rights in the Greenland Banks makes our situation more difficult than before.

The Faeroe Islands, Greenland and Iceland Can Agree on the Use of Common Fishing Resources

If we were permitted to be optimistic, we would expect Greenland, Iceland and the Faeroe Islands to combine their fisheries jurisdictions and open them to one another. However, this is hardly to be expected in reality.

It is clear that there are stocks of fish in the ocean that run between the Iceland Banks and Greenland and likewise between the Iceland Banks and the Faeroe Islands. It is also clear that we can cooperate on the use of such fish stocks, the capelin, for example, that runs between Iceland, Greenland and Jan Mayen Island. Gadus poutassou perhaps provides an even better example of such fish stocks since it runs both east and west of Iceland and it is clear also that the fish is found in the Faeroe Islands at certain times of the year. We Faeroe Islanders, Icelanders and Greenlanders could fit out a large fishing fleet which could catch a goodly amount of these fish whenever it would be best to catch them during the year. West Greenland capelin runs could also come into the picture.

It is now clear that scientists think that the same redfish banks are to be found off Eastern Greenland, Iceland and the Faeroe Islands. Thus cooperation between these countries on fishing these banks is natural. It is likewise conceivable that there could also be agreements on other deep sea species between the three countries.

Then there is that fisheries cooperation in the area of exports, something we think natural. As is well known, Foroya Fiskasola sells its products on the United States market through one of the Icelandic sales associations. It could be that Greenland will want to take part in such cooperation. We could increase our cooperation still more, in the saltfish market, for example. The Faeroe Islands produce little stockfish but cooperation between Iceland and Greenland in this area is possible.

In the area of construction and changes in fisheries, fishing and fish sales and in the exchange of information about them, there is no doubt that the three countries have much to gain from one another.

Nothing Suggests That the Faeroese Are Taking Icelandic Salmon

[Question] What about Faeroese salmon fishing? Are the Faeroese taking Icelandic salmon?

[Answer] The Faeroese do catch salmon. A small amount of salmon is caught in Faeroese rivers. It has either been released there or occurs naturally in the rivers. Faeroese also catch salmon on the seas around the islands. They have done little of this for many years, but catches have considerably increased in recent years. Unfortunately, we still know very little about the origins of the salmon we catch on the sea, about how many salmon enter the Faeroese salmon banks and how many swim into the rivers to spawn. We can, however, rely to some degree on marking experiments and they indicate, as is well known, that most of the salmon come from Norway, some from England and Ireland and a few from Sweden. A few individual salmon come from the Soviet Union. Nothing, on the other hand, indicates that Icelandic salmon are being caught by the Faeroese.

We Are Willing to Allow Scientific Research to Determine if Icelandic Salmon are Being Caught in the Faeroese Islands

We are very much aware that Iceland fears that some of the salmon we catch are Icelandic. We are willing to help Iceland determine whether this is the case or not. However, scientific investigations so far have not shown that the Faeroese are catching Icelandic salmon. We have stated again and again to the Icelandic government our complete willingness to support scientific investigations to get to the bottom of the matter. If it turns out that we are catching salmon of Icelandic origin, we have stated that we are ready to begin discussions with Iceland about what we will have to do to make up for it.

In addition to the governments of other countries, institutions unconnected with governments have shown concern about salmon fishing and have researched the salmon banks and salmon movements. This spring we were visited by two such organizations, the British Atlantic Salmon Trust and the North American Atlantic Salmon Foundation. Representatives of these organizations gained access to everything we know about our salmon fishing and were permitted to travel about the islands as they wished. We have recently received the results of their investigations. It turns out that the representatives were very much aware of the needs of the Faeroese for a definite amount of salmon fishing in the ocean about the Faeroe Islands. They recognized also that, in as much as the salmon spend the greater part of their lives within the Faeroe Islands fisheries jurisdiction, the Faeroese are fully entitled to catch a portion of them.

Proposals on a Salmon Tax to Build up a Pisciculture System

The representatives thought that Faeroese salmon fishing regulations were adequate but felt that the Faeroese had far too few fisheries experts and proposed that other countries lend the Faeroese fisheries experts aid in carrying out more detailed salmon investigations. They suggested that the Faeroese tax their salmon fishing vessels and use the money for construction of a salmon hatchery and to establish pisciculture and proposed that other countries permitting ocean salmon fishing do the same. They did not think it right that most Faeroese fishing of salmon should take place only on the open sea and felt that large scale fishing should also take place in the Faeroese rivers and along the shores of the islands.

Faeroese scientists have been working steadily within international oceanic research organizations to solve the salmon question. We certainly hope that we will be successful in acquiring reliable figures on what sizes of salmon catches are possible, both in terms of salmon fishing on the ocean and in the rivers.

In conclusion, let me point out that our position in terms of salmon fishing is much like that of Greenland except for the fact that we have raised salmon.

ourselves in many of our rivers and seeded salmon eggs. Greenland hasn't done anything in that area so far, but we expect that this will change in the future.

We Are Aiming at Full Membership in the Nordic Council

[Question] What is the position of the Faeroe Islands within the Nordic Council?

[Answer] "The Petri Committee chaired by the Swedish minister of justice has been working on the question of the position of the Faeroe Islands, Greenland and the Aland Islands within the Nordic Council. According to the proposals of the committee, these countries would obtain two representatives either within the Danish or the Swedish delegation. That does not mean that we will gain full membership in the near future, but through these proposals we would obtain better connections with ministerial committees and the official system. We assuredly support the proposals even if they are only a first step towards the full membership that we desire," said Pauli Ellefsen.

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CSO: 3626/5

CENTRAL BANK TAKES MEASURE TO EASE RESERVES DECLINE

Reykjavik MORGUNBLADID in Icelandic 30 Oct 82 p 48

[Text] The leadership of the Central Bank, in discussions with the Banking Board and the government, has decided on an 8-percent interest increase on unfixed loans, and an interest increase on regular loans of approximately 6 to 7 percentage points. However, the increase in annual interest on the loans is in most cases somewhat higher than that, because of various payment-due days or interest-compounding days throughout the year. This means that overdue interests will increase from 4 percent to 5 percent, or approximately 25 percent.

A press release from the Central Bank indicates that this change in interest rates has been far too long coming. The press release says: "In accordance with the economic measures taken this August, the bank leadership has decided on a somewhat lower interest increase than is now current, and has considered such an action an unavoidable part of the attempt of the governing powers to fight against imbalance on the loan market and the constant outflow of our reserves. The government did not consider itself capable of opposing this, whether or not this decision was consistent with government goals in economic matters, since they had to examine matters more closely in the light of subsequent economic developments and in connection with other actions in money matters."

It further says in the press release from the Central Bank that the interest rates on resale product and operational cost loans shall be, according to law, dependent upon special approval by the government. The government has temporarily postponed taking a final position on this matter, but the bank hopes that this decision will be made soon.

The Central Bank press release also says: "Recent economic developments necessitate specific actions, lest disaster result. Despite attempts on the part of savings offices toward loan control, there has not been much of a letup in the inequity of increases in savings and loans, and the cash flow has been managed equally badly in the last few months. After a

small improvement of controls on time-bound inflow just after the change in the exchange rate, a serious outflow of our reserves has become prevalent once again. Reserves have decreased approximately 350 million kronur between 1 October and 26 October, and the total loss has amounted to some 1,650 million kronur so far this year, or approximately more than half the figure from the beginning of this year. This becomes clear in the data on the balance of trade, which have been calculated up to the end of September and which show that general imports at a fixed rate have continued to increase concurrently, approximately 4 percent in September and 9 percent in the period from January to September, while exports have declined during that same period."

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BRIEFS

GOVERNMENT DISPUTES WITH ALSUISSE--Hjorleifur Guttormsson, minister of industry, was not able to go into the details of the proposal which he presented in a meeting with Dr. Paul Muller, the chairman of Alsuisse's steering committee, at their last meeting here in Reykjavik on May 6 of this year. However, the main elements of the Minister of Industry's proposal were as follows: *Disagreements on the price of aluminum acid and anodes for 1975 through 1979, as well as the results of the reports from 1980, should be released in full. *The price of electrical energy should increase to 12.8 million when the free market price on aluminum in London has reached 80 percent of the indexed Alcan price. *Agreement should be reached about the reexamination of electrical energy contracts between National Processing and ISAL, with the intention of adjusting long-term energy prices to the production costs and to the prices which aluminum plants in Europe and North America pay for energy. In this reexamination, special attention should be paid to ISAL's being exempt from tolls on exports to Common Market countries. The new price system should be protected by indexing. Attempts should be made for this reexamination of energy costs to be finished by 1 November 1982. *Tax regulations for ISAL should be reevaluated. *The Icelandic government should be granted permission to buy a majority ownership in ISAL starting 1 January 1984 at a reasonable price agreed to by the owners of the plant and based on results arrived at by independent appraisers. [Excerpts]
[Reykjavik MORGUNBLADID in Icelandic 7 Oct 82 pp 24-25] 9584

CSO: 3626/6

DEVALUATION THREATENS FOREIGN-INDEBTED MIDDLE-SIZE FIRMS

Stockholm SVENSKA DAGBLADET in Swedish 22 Oct 82 p 22

[Article by Axel Odelberg]

[Text] A number of middle-size firms are now threatened with immediate bankruptcy as a result of last Friday's devaluation, according to a statement by the Business Federation on Tuesday.

The reason is that many middle-size firms, on the admonition of banks, have taken out several loans in foreign currency the last few years. These loans total 40 billion kronor, according to the Business Federation.

Increased Debt

Firms whose loans are largely in foreign currency are suddenly faced with greatly increased debts in terms of Swedish kronor due to the devaluation. This is particularly hard on firms which are using the loans for long-term investments.

Also, many import firms have long-term contracts in foreign currency. A quick survey by the Business Federation shows that 10 import firms--half of them manufacturing firms--have developed serious money problems as a result of the devaluation.

"The government must now step in and help those businesses that have been particularly hard hit by the devaluation," said Bo Sillen, deputy director of the Business Federation. He also feels that the government should abolish the regulation of currency since the risk of currency outflow in connection with the record devaluation should be over.

The difficulties created by the devaluation in terms of increased debt for firms holding foreign loans seem to have affected middle-size firms in particular. According to Ingemar Essen, deputy director of the Small Business Federation (SHIO), small business loans are usually taken out in Swedish kronor. On the other hand, individual small businesses may have money problems. These may be firms that have purchased equipment on credit abroad in foreign currency, for example.

Interest Rates

Ingemar Essen indicated that the high interest rate situation in Sweden is a very serious problem for small businesses. This particularly applies to the interest on checking accounts, which went up recently to counteract the outflow of currency.

"It should be reduced immediately since small businesses have a rather large share of their capital in checking accounts."

According to a statement by Finance Minister Kjell-Olof Feldt, it is small and middle-size firms in particular that will profit from the devaluation. Ingemar Essen maintained that this statement applies mostly to businesses which either export goods or have large Swedish export firms as customers.

Due to the lack of statistical data, it is impossible to get a clear picture of how many export firms fall in the classification small and middle-size businesses, but they constitute about 10 to 15 percent. And only half of these have significant volumes of exportation.

No conclusions can be drawn from statistics that are available on short notice as to how many businesses provide significant deliveries to large export firms. It is obvious, however, that most small businesses concentrate on domestic market production. Their chances to increase sales or to gain a greater share of the market depend upon whether they have competition from imported goods.

Higher Rent

The SHIO director regrets that the general price freeze, which was introduced on the heels of the devaluation, does not also include rent.

"Many small businesses rent their facilities. Rent may now go up to cover higher heating costs resulting from the devaluation, but businesses cannot pass on the added cost by raising the price on their products."

Ingemar Essen also feels the price freeze should have been supplemented by a wage freeze. However, he is not particularly concerned about the outcome of the upcoming wage negotiations.

"I believe there is a good chance of a decent agreement. After all, there are responsible people on both sides," he said.

Ingemar Essen is somewhat disturbed about the government's intentions to raise the tax on capital assets. He feels that production equipment should be exempted from such taxation.

"Lying Low"

According to Ingemar Essen, things are going quite well for small businesses, but they are lying low as far as investments are concerned.

"The total value of all loan applications submitted to Industrikredit, Inc. is now 20 percent less than 12 months ago. There is much indecision about the future," he said.

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CSO: 3650/24

POLISH DEBTS WORSEN PROBLEMS FOR EXPORT CREDIT BOARD

Stockholm SVENSKA DAGBLADET in Swedish 16 Oct 82 p 25

[Article by Axel Odelberg]

[Text] The Export Credit Board's (EKN) volume of business in no longer growing like it did during most of the seventies. It's losses, on the other hand, are increasing. The board is showing a deficit, which is expected to reach 1.5 billion kronor in a couple of years.

This is quite clear according to the 1981-82 budget. Like the previous fiscal year, the total value of the governmental Export Credit Board's guarantees and services is reported to be 65 billion kronor. For the first time ever, EKN has been forced to use its active credit with the National Credit Office.

Polish Problem

"We have no money and our debt to the National Credit Office is now 300 million kronor," said Axel Wallen, the EKN director.

"The Polish debacle is what is forcing us to borrow money. We may even have to turn to the national budget for funds if Poland does not make any payments this year."

During the last fiscal year, Poland cost the Export Credit Board 406.6 million kronor in losses and Axel Wallen estimates the board will lose another one billion kronor in damage payments this fiscal year and the next as a result of the problems in Poland.

Due to the damage regulations now in force, the Export Credit Board's outstanding claims now amount to 1.5 billion kronor.

"One can easily figure that this amount will be doubled in a couple of years. Poland is the primary reason and we may have to add a few other countries as well," said Axel Wallen.

Cuba is among them, but relatively small amounts of money are involved here. Mexico provides another threat. Credits totaling 500 million kronor have

been extended to Mexico. However, Axel Wallen believes Mexico will continue to pay its foreign loans and bank credits.

Brazilian Threat

Brazil is perhaps the biggest threat to EKN at this time. The board's outstanding credit guarantees their amount to over 3 billion kronor, more than any other country. There are considerable fears throughout the world that Brazil will develop payment problems. Brazil's foreign debt is growing rapidly and is only exceeded by that of Mexico. It totaled about 65 billion dollars at the end of June.

Ten years ago EKN could figure on one default in 20 credit guarantees. This number has gradually risen to one in 10 and is now even higher. This, together with the lack of new credit applications, reflects growing problems in the world economy.

The economic recession with its reduced demands and subsequent tougher competition is forcing Swedish export firms into new and more risky markets.

Hence, EKN is playing a more central role in Swedish exportation. In the last 10 years, an income of approximately 70 billion kronor from exportation can be attributed to the firms' ability to protect themselves against credit risks through EKN.

The rapidly growing losses and EKN's subsequent insolvency are now threatening the board's ability to guarantee credit to the extent it used to at a time when it has become even more important for Swedish export firms to protect themselves against credit risks.

Where the risks are greater than the premium asked, the board will now provide guarantees only in exceptional cases.

In return, it will probably be willing to increase its risks in countries that appear relatively credit worthy.



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CSO: 3650/24

FINNISH, DANISH FOREIGN MINISTERS HIT SWEDEN'S DEVALUATION

Helsinki HELSINGIN SANOMAT in Finnish 30 Oct 82 p 10

[Article: "Foreign Ministers of Finland and Denmark: More Aftereffects From Sweden's Devaluation"]

[Text] Finland and Denmark are agreed that Sweden's recent "shock" devaluation fits in poorly with the ground rules of Nordic cooperation and gives cause for serious discussion in at the next meeting of prime ministers in Oslo at the end of November.

The new Danish foreign minister, Uffe Elleman-Jensen, who has arrived for his first visit to Finland, said that Sweden's devaluation and its violence came up centrally in his discussions on Friday with foreign minister Par Stenback. Both countries regret the decision deeply.

Both foreign ministers had been amazed at the method of Sweden's new Social Democrat government, which in effect represents an effort to shift part of Sweden's economic difficulties for other countries to pay.

The Danish foreign minister rejected out of hand Sweden's justifications, according to which Sweden's 16 percent devaluation will create better conditions for strengthening Nordic economic cooperation also. In his opinion conditions for economic cooperation are not improved by having the richest country burden its neighbors with part of its problems.

Foreign Minister Elleman-Jensen, who is at the same time the current chairman of the council of ministers of the European Common Market (EC) said that some countermeasures against Sweden are being considered in EC circles. According to him that is unpleasant, but Sweden's operation was a sad surprise to the EC as well.

Shoe Soles a Problem

There are no real problem questions between Denmark and Finland--unless one counts differences over Danish export of shoe soles to the Soviet Union. Finland had earlier approved [an agreement] that the foreign share of such parts--in this case shoe soles--in Soviet trade could be increased only to 20 percent. Now, however, the Finns have hardened their position, which has made the Danes angry. They have already complained to the general European free-trade organization CATT and to the EC's joint commission.

PROFESSOR EXAMINES REASONS FOR CONSERVATIVES' GROWTH

Copenhagen BERLINGSKE TIDENDE in Danish 6 Nov 82 Sec II p 1

[Article by Solveig Rodsgaard]

[Text] Election researchers are analyzing the prime minister's party, which at this time is the second favorite party among young people seeking an education or job training.

It will be the most optimistic national council in many years. There are no divided opinions on that score. When the Conservative Party opens its 65th national council in Falkoner Center this morning, there will be an ovation for the first Conservative prime minister since the change of political systems, a man who will be re-elected as party chairman. Poul Schluter, the other ministers and delegates to the national council can rejoice that since the years of distress in the early and middle 1970's, the party has made constant gains up to the current 26 seats and they can note that so far the opinion polls indicate continued progress.

But where did the voters come from? In 1973 the Conservatives won 16 seats, and in 1975 the party had its record low to date, 10 seats. Have the 1973 voters who bolted returned to the fold?

Election analyst Torben Worre, assistant professor at the University of Copenhagen had this to say:

Nonsocialist Competition

"One can probably say that it is especially the voters who defected to the Progressive Party and CD [Center-Democrats] in 1973 who have returned. The Conservatives had a bigger decline in the early 1970's than any of the other old parties. The party declined to less than a third of its former strength and it was an unusually hard blow. But the party has gradually regained everything and is now at approximately the level it had previously. In reality, the Conservative Party was an unusually stable party until the beginning of the 1970's.

"Of course it is impossible to be sure that the Conservative Party will continue to be a big party. Among the nonsocialist parties, we will probably continue to see a competitive relationship, with the other parties occasionally making gains due to what we call short-term factors, so that there could be new Conservative setbacks. But there is a tendency for many nonsocialist voters to have an immediate preference for the Conservative Party, unless they have a special reason for voting for another nonsocialist party. The Conservative Party is regarded as the major nonsocialist alternative.

"We live in a period in which party affiliations have been undermined, in which the electorate has become more fluid, in which more people make up their minds at the last minute and this is especially true on the right wing. For there are more parties to choose from, the distance between them is not that great, so it does not really matter where one puts one's mark. That makes nonsocialist voters vulnerable to the effects of short-term factors.

"Short-term factors mean that when one is in doubt, does not really have a firm position and has to make a choice, one sits down in front of the TV screen to see what the different politicians have to say. There are more and more people who wait to make a decision until the last round of statements has been made by party leaders."

Why has the Conservative Party gained this backing since the 1977 election?

"I do not know if it is precisely the old Conservative voters who are returning to the party, although of course this is true to a large extent. But we can see that the same thing is happening in the other Nordic countries. The Conservatives are clearly ahead of the other nonsocialist parties, so the Conservatives have become the most important alternative to the Social Democrats. It can be hard to define. But I would say that while all the other parties--this also applies to the other Nordic lands--have some sort of special profile or special issue that they cultivate, the Conservatives are left standing as the normal nonsocialist party, in other words the alternative to the Social Democrats.

"In Denmark we have had a competition between the Liberals and the Conservatives and the Conservatives have now clearly taken the lead. That is probably because the Liberal Party was traditionally an agrarian party, that group has diminished and the Liberals have been unable to expand beyond this narrow social group to become the broad party that the Conservative Party has managed to become. Although the Conservative Party must still be regarded as a predominately middle-class party."

Middle-Class Party

What does the typical Conservative voter look like?

"The party got its biggest support in the December 1981 election from the self-employed, namely 41 percent. Next came upper-level salaried employees, 25 percent, and lower-level salaried employees, 15 percent. It was all the way down to a few percentage points with regard to workers. In other words, the party has retained a predominately middle-class profile. One can also see this in the composition of those voting for the Conservative Party. One-fifth of them are self-employed, one-fifth are upper-level salaried employees, one-fifth are lower-level salaried employees and one-fifth are retirees, which means that all other social groups make up the remaining one-fifth.

"When the Conservatives declined, it naturally produced distorted age groupings, with a very strong predominance among the oldest age groups. The party still has somewhat stronger support among the group in the 40-60-year-old age range, but it has made gains among the more marginal voters in the younger groups, so that there is an even distribution now. This is also true geographically. The Conservative Party used to be predominately an urban party; now it is more evenly distributed over the entire country. I can also say that the Conservatives did not have a strong standing among young voters in the past. But in the last election, 22 percent of the students and job trainees supported the party, making the Conservatives the second choice among that group of voters. Only SF [Socialist People's Party] had more support. That probably has something to do with the fact that when a party gains ground, it makes most headway among the predominately marginal groups and first-time voters."

Prime Minister Effect

Torben Worre said that the current strong gains in opinion polls for the Conservatives are due to what is called the "prime minister effect."

"It is clearly an advantage to have the prime minister's post. It is quite true that we have seen a slow development and consolidation for the Conservatives up to the 1981 election, but the enormous gains in the opinion polls are undoubtedly due to the prime minister effect. And that is a short-term factor. The extent of voter growth appears to be about what it was when Poul Hartling became the government leader and the Liberals made great gains. But the party lost the votes again when it lost the prime minister post.

"But we have also studied why voters prefer certain parties and a certain kind of reason has begun to turn up among Conservative voters. Many say they prefer the Conservatives because they have confidence in the leadership. These are Schluter voters, in other words. Poul Schluter has been party leader for almost a decade. That is having an impact now. His position as party leader is so consolidated now that it is an asset in itself. It takes some time before a party starts getting voters who use the party leader as a reason. Therefore it also costs votes to shift leaders and that is exactly what the Conservatives did when the party declined in the early 1970's."

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CSO: 3613/22

CENTER-DEMOCRATS AT CONGRESS PLEDGE 'SACRIFICE' FOR CABINET

Copenhagen BERLINGSKE TIDENDE in Danish 13 Nov 82 p 6

[Article by Solveig Rodsgaard]

[Text] "The Center-Democrats should still be able to make sacrifices if this is necessary in relation to continued government cooperation."

That statement was made by the political leader of CD [Center-Democrats], Erhard Jacobsen, and he will be stressing this point over and over at the CD national congress that begins in Haderslev today. The emphasis will be needed, for CD's national chairman, Peter Duetoft, has just announced that "the four-leaf-clover government required sacrifices on CD's part" and that "now CD's period of sacrifice must be over--now it is time for the other parties to make concessions. For of course all parties have to give up something in a coalition government. CD's sacrifices guaranteed the start of the government. And Erhard Jacobsen guaranteed its continued existence."

But the architect of the four-leaf-clover government, as Erhard Jacobsen has been accurately called, is still inclined to make sacrifices:

"This does not mean that I am repudiating Peter Duetoft and I can well understand that people could be somewhat impatient. But I think that the very formation of a four-leaf-clover government was and is such a big job that one has to give up something. It is not just us, but all the non-socialists in Denmark who must have a chance. If it turns out that governing without the Social Democrats is impossible, a nonsocialist government will not get another chance in this century. Therefore one must be prepared to make sacrifices."

The jubilant mood from the Conservative national council meeting last weekend will probably not carry over to the CD congress this weekend. But there will be joy and optimism, even though the opinion polls are not as kind to CD. The latest Gallup poll gave CD 10 seats in Folketing, compared to the 15 it has today. But if anyone is taking things calmly, it is Erhard Jacobsen.

"We are used to it. When we worked with the Social Democrats from 1979 to 1981, we were right around the cutoff point, but things went well enough in the 1981 election. We know that when CD cooperates, we achieve a low level in the opinion polls. That does not bother us. Things are usually different when it comes to elections."

Despite the 15 seats in Folketing, CD is not a very firm party in terms of membership. The party has been in existence for 9 years, but today it has only around 2,500 members. On the other hand, that is 50 percent more than they had when last year's congress was held. This weekend's congress will also be the biggest one in the party's history. Over 300 participants are expected and they will be voting on a number of changes in the statutes concerning party structure. The leadership of the national organization is to be changed so that the vice chairman is replaced by two regional secretaries, which should strengthen CD's local efforts.

Political Leader

Party chairman Erhard Jacobsen, national chairman Peter Duetoft and party secretary Yvonne Herlov Andersen are all running for re-election. If any of them is sure to be re-elected, it is Erhard Jacobsen. The 65-year-old founder of the party has such a firm grasp on CD and is such a big magnet that no one is dreaming of an opposing candidate. His successor has also been chosen. Although it is not official, of course, no one doubts that Mimi Stilling Jacobsen is CD's future political leader.

Outwardly, Erhard Jacobsen continues to put himself in the front line in the battle for the nonsocialists. The springtime trips around the country to find nonsocialist voters, especially right-wing Social Democrats, through a series of "Erhard meetings" will continue. By Christmas, three or four of these meetings will be held for approximately 100 people at each gathering.

"But now I am not just talking on behalf of CD, but on behalf of the entire government," said Erhard Jacobsen.

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CSO: 3613/22

STENBACK SEEN HAVING WON PRESTIGE IN 'ARAFAT CASE, KOIVISTO BACKING

Stenback Victory Described

Helsinki SUOMEN KUVALEHTI in Finnish 15 Oct 82 pp 95-98

[Article by Antti Blafield: "Stenback Won the Battle, but the War Continues"]

[Text] After defeating the Romans in 279 B.C., King Pyrrhus of Epirus said: "One more victory like this and I am lost." Par Stenback has reason to think the same, knowing Kalevi Sorsa.

On Tuesday 5 October, Foreign Minister Par Stenback had to open many doors in Parliament. Behind one of the doors Chairman Pirkko Tyolajarvi of the Foreign Affairs Committee of Parliament was waiting impatiently. The Foreign Affairs Committee had become involved in the Arafat dispute while Tyolajarvi was away in New York.

On Tuesday, 5 October, Parliament had the opportunity to show whether it is capable of handling foreign affairs with the dignity that international politics requires.

Observing the progress of that day in Parliament, one's respect for K. J. Stahlberg as the creator of this form of government increased. It is written in the Constitution that Finland's relationships with other countries are determined by the President of the republic.

That was wisely said.

On Tuesday, 5 October, Parliament managed to get itself out of the mess it had gotten itself into.

One week earlier the Foreign Affairs Committee of Parliament had decided, with barely a quorum after Mauri Miettinen of the Conservatives had been partially forced to come to the meeting, to demand a report from the foreign minister on Finland's Middle East policy. When the Foreign Affairs Committee met on Tuesday in full numbers to listen to that report, the representatives arrived [looking] like a frightened flock of sparrows. After receiving the report, the Foreign Affairs Committee noted that the matter had been handled. What had it learned? Hardly anything.

After making his report to the Foreign Affairs Committee, Foreign Minister Par Stenback walked over to the office of Speaker Virolainen to compose with him the 12-word statement that was issued in his [Virolainen's] name: "After investigating the situation, I find that the Speaker cannot issue an invitation to PLO leader Arafat."

According to Johannes Virolainen, that statement contains everything along with all necessary explanations. Which situation had Virolainen investigated? The parliamentary delegations had left it to him to decide, so it wasn't a matter of finding out their opinions. The Middle-East situation had not changed, so that also cannot explain the Speaker's complete about-face. Neither had the government's position on the matter changed: the Speaker could invite or not invite. The only thing that had changed during the week was Virolainen's peace of mind. He had received hundreds of Old Testament prophecies of destruction and ruin if he invited Arafat to Finland. In this case "destruction" and "ruin" refer mainly to the next parliamentary elections.

As he walked to the rostrum in Parliament, Par Stenback was already the winner. The President had shown sympathy with his displeasure that the fact that the government had become involved in the Arafat invitation. Both Kalevi Sorsa, who had given the idea of an invitation to Virolainen, and Virolainen himself, who had at least momentarily been enthusiastic about the invitation, had to retreat in the face of the young foreign minister, who, moreover, [only] represents one of the small parties.

This victory is important to Stenback also from the point of the internal situation of his own party. Behind Stenback, Justice Minister Christoffer Taxell has strengthened his position, and Stenback's position in the RKP [Swedish People's Party] is not necessarily as strong as has appeared from the outside. Of course whether Stenback will receive the foreign minister's portfolio after the next elections is another question.

The victory was important to Stenback also from the point of view of the remainder of the present government's term. Information had been received in the Foreign Ministry to the effect that Sorsa and Sweden's new prime minister, Olof Palme, were planning to propose jointly that Sweden and Finland declare themselves a nuclear-free zone. After the Arafat affair, Sorsa may think twice before joining in such a declaration.

The confusion that arose over the Arafat invitation shows also that demands for Parliament to strengthen its role in foreign affairs may be uselessly optimistic.

An invitation to Yasser Arafat, made by any government office whatever, is a gesture. The purpose of a gesture is to show something. If it was desired to invite Arafat to Finland, that would have to be interpreted as a message to Israel that its activities in Lebanon are not weakening the PLO's position, but rather the opposite.

Parliament's Arafat affair showed, however, that Parliament is at least incapable of deliberating such gestures. When the matter was debated in Parliament, they spoke mainly about how Arafat would bring terrorism along with him to Finland.

The answer given by Foreign Affairs Committee member Mauri Miettinen to the question of what happened in the Foreign Affairs Committee meeting also revealed much: "No revolution at any rate."

Perhaps Johannes Virolainen's words "after investigating the situation" refer to Parliament after all.

Before the last presidential election, State Councillor Martti Miettunen read a letter he had received from Urho Kekkonen in 1979, in which he stated among other things: "The real danger is that Virolainen has started to become more interested than before in foreign affairs."

Perhaps a memorandum with similar content has been prepared in the Foreign Ministry. Only with "Parliament" instead of "Virolainen."

[Captions] Great Reconciliation

Before Par Stenback's speech to Parliament, Stenback and Sorsa, the makers of the Great Reconciliation, couldn't stand to be on the same side of the room, but each would talk in his own circle: Sorsa with education minister Kaarina Suonio and Stenback with justice minister Christoffer Taxell.

Jutta Zilliacus, who brought the Arafat affair to the Foreign Affairs Committee of Parliament, stayed in the background on Tuesday. Richard Muller, chief of the political division in the Foreign Ministry, and assistant chief Jaakko Blomberg had just a moment before reported along with Stenback the reasons for Finland's Middle-East policy to Zilliacus, among others.

Koivisto Gives Cautious Backing

Helsinki HELSINGIN SANOMAT in Finnish 24 Oct 82 p 9

[Article by Janne Virkkunen: "Virolainen's Poland Trip Draws Comment in Iceland: Koivisto Supports Stenback"]

[Excerpts] Reykjavik--President Mauno Koivisto gave full support on Saturday to Foreign Minister Par Stenback, who has been accused by Johannes Virolainen, speaker of Parliament, of making statements that differ from Finland's official positions.

President Koivisto was interviewed by the Finnish press for half an hour on Saturday morning in Reykjavik, where he was concluding a four-day state visit.

The visit of speaker Virolainen to Poland had caused talk among those accompanying Koivisto for a couple of days already, but he made no official statement about the trip before Saturday.

On Saturday Koivisto revealed his evaluation [of the situation] with a precision that showed he had thought out every word beforehand. In the President's opinion there should be no "real doubt about what kind of system we have and whose [responsibility] it is to evaluate international political questions on behalf of the nation."

"As far as the Foreign Minister's evaluations are concerned, there is no unconfusion in my opinion. The probability is very high that the events in Poland will be considered in the Madrid ETY [European Security and Cooperation] meetings.

"As far as the Speaker's statements are concerned, I would like to become better acquainted with them than I have been able to so far. Since Johannes Virolainen was chosen as president of the International Parliamentary Union [IPU], he will obviously travel a lot, and as chairman of the IPU he will have certain expectations and as Speaker of Parliament he will have others.

"To what extent such possible situations of conflict can be avoided should be gone into very seriously," said Koivisto.

"Civilized Discussion"

The President did not define more precisely how one should go into Virolainen's activity. Foreign Minister Stenback thought that the matters would be handled in the coming week.

Koivisto refused to give his opinion on whether it is appropriate for Virolainen to travel abroad saying that the Foreign Minister does not represent the country's official position. Koivisto said that this is precisely the point with which he needs to become more familiar.

Virolainen had explained while visiting Poland that Foreign Minister Stenback did not represent Finland's official position when he was of the opinion that the Poland's affairs would probably be brought forward in Madrid, where ETY meetings will continue in three weeks. Afterwards to be sure, Virolainen softened his statements.

President Koivisto expressed the hope in Reykjavik that foreign policy could be discussed in a civilized manner without calling into question Finland's democracy and its ability to act.

In any case it is too early, in the President's opinion, to make conclusions about whether discussion is appropriate or not. "It would be proper for customs to develop so that foreign policy debate would be at a level with appropriate parliamentary features.

"I would like to see that, even though disagreements and differing viewpoints arise, people not begin to conclude too soon that there is some defect in the system or that we have gone too far on a road that has proven to be precarious," said Koivisto.

Koivisto's state visit to Iceland was the second of his presidential term. Last spring he visited Sweden, and next March he will make a state visit to Norway.

POLL INDICATES OVERWHELMING SUPPORT FOR NORDIC N-FREE ZONE

Helsinki KANSAN UUTiset in Finnish 28 Oct 82 p 7

[Article: "Finnish Gallup Study: Finns Support Nuclear-Free Nordic Area"]

[Text] The Finnish Gallup [organization] has studied citizens' attitudes on a Nordic nuclear-free zone and the peace march. According to the study, 92 percent of Finns over age 15 support making the Nordic area into a nuclear-free zone.

But 68 percent of the respondents did not believe that the great powers would honor such an agreement in time of war.

A peace march was considered to be a useful to the cause of peace by 66 percent of Finns. About 31 percent considered a peace march insignificant, and 2 percent considered it detrimental to peace.

The citizens' opinion was asked in September. There were 500 respondents over the age of 15 from throughout the country.

The results of the Finnish Gallup poll can be compared to the poll taken in Sweden by Sifo [expansion unknown] last spring. Questions about a peace march were asked in Sweden in April and about a nuclear-free Nordic zone in November of last year.

A nuclear-free Nordic zone was supported by 80 percent of Swedes, but only 12 percent believed that the great powers would honor an agreement. It was thought by 77 percent that the great powers would ignore it.

Swedes March

Promises to participate in a day-long march for peace were made by 37 percent of the Finns and 45 percent of the Swedes. Declining the march were 58 percent of the Finns and 50 percent of the Swedes.

Almost half of the young Finns were ready to participate in a day's march. Young people's opinions about the significance of peace marches were more positive than those of other age groups.

But the Swedes did not believe in the significance of marching as much as the Finns. Marching was considered insignificant by 42 percent of the Swedes and 31 percent of the Finns.

Swedes doubt the great powers' desire for peace more than Finns do. It was believed by 22 percent of the Finns, but only 12 percent of the Swedes, that the great powers would honor a nuclear-free zone in case of war.

It was believed by 68 percent of the Finns that the great powers would not respect a nuclear-free agreement in the Nordic area. There were 77 percent doubters among the Swedes.

The respondents were asked approximately the same questions in each country.

9611

CSC· 3617/24

BRIEFS

VIROLAINEN TO CENTER'S LEADERSHIP--Speaker of Parliament Johannes Virolainen is making a comeback to the leading organs of the Center Party. Virolainen was chosen on Saturday as a candidate from Uusimaa [district] for alternate member of the Executive Committee of the Center Party. The Center Party's regular member from Uusimaa is party vice-chairwoman Marjatta Vaananen. The Center Party will choose a new Executive Committee at the end of November. The delegation sticks to presentations from the districts. If Virolainen becomes an alternate member of the party Executive Committee, he will again have the opportunity to participate in Executive Committee meetings, from which he has been absent since 1980, when Paavo Vayrynen displaced him as chairman. Aarre Ojala continues as Center Party chairman for the Uusimaa district. [Text] [Helsinki HELSINGIN SANOMAT in Finnish 31 Oct 82 p 8] 9611

CSO: 3617/24

OBSERVER ON PA LEADER'S ATTACK ON U.S. OVER TERMINAL

Reykjavik MORGUNBLADID in Icelandic 6 Oct 82 p 7

[Commentary by Staksteinar: "Gestsson and the Air Terminal"]

[Text] It is easy to be amused at the fact that it was the complaints of the People's Alliance which led to the Icelandic government's trip in beggar's guise to meetings with American authorities over the air terminal funds, which Svavar Gestsson, chairman of the People's Alliance, actually calls "funds of necessity." Now results have been achieved in this matter, so that we Icelanders have not been left in the lurch. So now Svavar Gestsson stirs up a fuss and "blames" the American authorities for everything. Today's Staksteinar tells about Gestsson's newest pronouncement, as well as the radio news concerning the payment by the American Congress.

Government and Air Terminal Money

The following pronouncement by Svavar Gestsson, chairman of the People's Alliance and minister of Social Issues, appeared on the front page of THJODVILJINN yesterday:

"The decision of the American government through the American Congress to extend the grant for the Icelandic air terminal to 1 October of next year is, in my opinion, a gross interference in our domestic matters.

"It so happens that the American Congress voted down all other proposals for similar extensions. But the dollar grant for Iceland came through, partially because of pressure from the American ambassador in Iceland.

"I think that this shows how the ambassador and the American government are trying to arrange for the destruction and fragmentation of the Icelandic government. Certainly the American government has already borne the blame of similar behavior elsewhere in the world, in more famous cases. At any rate, one cannot help noticing when they deviate from the procedures of ordinary diplomatic relations and try to control party politics in Iceland."

This pronouncement by Svavar Gestsson is typical of what the People's Alliance members will be saying about the air terminal issues. It is all the fault of the American government. But is it that simple? Wasn't it Olafur Johannesson, the Icelandic foreign minister, who said (just after Svavar Gestsson exercised his veto against the air terminal) in the halls of government on 8 September, that we now ought to continue the extension with the American Congress? Wasn't it Svavar Gestsson who presented the opinion in this matter, that the American government had to either say yes to the People's Alliance and cancel the money, or yes to the Progressive Party and go on with the extension? It was the People's Alliance members who dressed the ministers of Iceland in beggars' rags to go negotiate with the American government. The attack of Svavar Gestsson on the American government and the American ambassador in Iceland results from the well known compulsion of communists to put the blame on others. That government of Iceland in which Svavar Gestsson occupies a seat bears all the responsibility for the extension of the air terminal issue and the beggars' journey to Washington.

Is Competition Necessary?

Last Saturday in these pages we told how both houses of the American Congress had agreed on Tuesday and Wednesday of last week to extend the funding for a new air terminal at the Keflavik Airport one more year. There were also reports on this matter on the evening news on the radio Monday evening, without mention of the date of the agreement by the houses of the Congress, but that in itself does not matter much to the main issue.

Our radio news correspondent in Washington, Helgi Petursson, did, however, deliver a broadcast last Saturday night which has attracted some notice. The "Svarthofdi" column in DAGBLADID OG VISIR said on Monday that Petursson had called it "the greatest foolishness to cancel the monopoly on radio broadcasting." It was doubtless a coincidence that the broadcast came on the radio one day after the radio laws committee announced its decision to suspend the exclusive right of the government to radio production. The reactions of all the radio and television employees after this decision were clear: they want to control as large a part of "their" organization as possible, and they strongly disapprove of the proposal of the radio laws committee that the National Radio should not have sole control over all commercial income which comes in for radio and television.

Considering Helgi Petursson's broadcast, his conclusions and his work for the news bureau of the National Radio in Washington, one could mull over the following food for thought: Would the news bureau of the National Radio have released earlier than Monday night that the American Congress had agreed to the Icelandic government's request to extend the funding for the air terminal, if there had been a competition to talk about from the olden days?

PAPER COMMENTS ON WEAKNESS OF THORODDSEN GOVERNMENT

Reykjavik MORGUNBLADID in Icelandic 4 Nov 82 p 24

[Editorial: "The Heart of the Matter: Disagreement Among the Ministers"]

[Text] Any government which seems to run into opposition no matter how it tries to run the country, and which lacks two things--internal agreement about what needs to be done, and a majority in Parliament--ought to give up.

A government which asks for opposition in discussions about the development of parliamentary and national matters, without its ministers having come to agreement about a course of action, is hardly capable of holding discussions at all.

As early as the beginning of the discussions, it became clear that the prime minister wanted to drag out two things as long as possible--laying down the working rules of his government to be dealt with in Parliament, and getting ready for elections, which most people thought were inevitable, considering the opposition which was prevalent. On the other hand, the chairmen of the political parties participating in the government--that is, the People's Alliance and the Progressive Party--have made it clear (the latter clearly and plainly, the former somewhat equivocally) that they want to test their support at the beginning of the session by making some working rules and going to the polls. The chairman of the People's Alliance even talked about having elections as early as November.

Discussions ahead of time between the government and its opposition have not been auspicious for the following reason--the ministers had different ideas about the topics which the discussions were supposed to be about. That is the heart of the matter. The ministers, in fact, have never reached that point of cooperation which is intrinsic in the term "government;" their nearly three-year governmental meanderings have been characterized by continuous governmental arguments which are only recently beginning to taper off.

Neither the main demand--that the government should resign(though it would presumably continue to work together as a working government)--nor a set date for the elections was decided on. The opposing views of the ministers were widely distributed. It was then clear that continuing the discussions served no actual purpose, from the point of view of the Independence Party members, since they experienced opposition.

On the other hand, it is worth noticing that the list of issues which the government brought up for discussion was lengthened from 103 items to 107; this was on the suggestion of the chairman of the Social Democrats, at his meeting with the ministers. The question, then, should arise as to whether the Social Democrats agree on thier own parliamentary issues, including those having to do with running the government, and if they are preparing themselves for participation in a new leftist government when the elections are over.

It is clear to most people who care to examine the state of affairs in the government and in the Althing that the governmental and economic cul-de-sac which our nation is in has put a knot in the lifeline of our country, which we cannot effectively deal with until we allow the people to judge matters as soon as possible, by general election, according to the rules of a republic.

9584

CSO: 3626/6

BILL WOULD CREATE A SECURITY AFFAIRS OFFICIAL IN MINISTRY

Reykjavik MORGUNBLADID in Icelandic 27 Oct 82 p 21

[Text] Three MP's from the Independence Party, the Social Democratic Party and the Progressive Party, namely, Fridrik Sophusson, Jon Baldvin Hannibalsson and Johann Einvardsson, have presented a bill to the Althing which would involve, if it is passed, the establishment of a particular office for a government representative for security and defense matters in the Foreign Ministry.

The articles of the bill include accounts of its approval by the national convention of the Independence Party, the speech of Olafur Johannesson on the subject at the 40-year anniversary celebration of the Icelandic Foreign Service, and comments by Benedikt Grondal, former foreign minister, concerning the establishment of an office of this kind.

The articles say further:

"Ever since Iceland became one of the founding nations of the North Atlantic Treaty Organization, there has been unanimity concerning our membership in that organization among the Social Democrats, the Progressive Party and the Independence Party; but the People's Alliance and its subordinates have been opposed to membership. In their time, numerous MP's of the republican parties have supported the defense agreement with the United States and membership in the North Atlantic Treaty Organization. In the last few years, all the parties except the People's Alliance have expressed that opinion in one way or another, and thought that any cutbacks in our defense program here in Iceland would be untimely. Discussions concerning defense and security matters in Iceland are often characterized by emotional battles, with little thought to the facts which are pertinent and which determine policy in these matters, or of the decisions which are made in defense and security matters. For years now those military expenditures which determine the environment which Iceland is surrounded by have been growing proportionately fewer in number. The government has not taken much care to inform the people of the facts of this matter. Doubtless one reason for this is the shortage of analysis by accredited

Icelandic specialists in these areas. This shortage of Icelandic specialists has also led to accusations that the government has been too dependent, in its appraisals of Iceland's defense needs, on the opinions of foreigners regarding Iceland's defense needs. It should be an obvious topic of thought and necessity to everyone that the Icelanders themselves are knowledgeable enough themselves to evaluate the military realities which we participate in, and to judge independently the explanations and opinions which others express regarding Iceland's strategic position and the defense and security needs of our country. Military expertise of this kind within the governmental system is supposed to support governmental decisions in these areas in the first place. Also, this expertise could act against mistrust and accusation in the camps of those who disagree on these issues. In the last few years, the Social Democrats, the Progressive Party and the Independence Party have all expressed their desires on these issues.

9584

CSO: 3626/6

CGIL-CISL-UIL RELATIONS WITH ALPINE AREA UNIONS

Rome CONQUISTE DEL LAVORO in Italian 18 Oct 82 p 14

[Article by Emilio Zeni, Lombardy Regional Secretary: "An Alpine Trade Union 'Alliance'"]

[Text] During 1982 the trade union organizations that were members of the ETUC [European Trade Union Confederation] established their own "labor community" in an action that paralleled an earlier move by their respective regional administrations.

The governments of Lombardy, of Bavaria, of the independent provinces of Trento and Bolzano, the Grigioni Canton, Vorarlberg, and the Salzburg Region in 1972 established the "Arge-Alp" (Arbeitsgemeinschaft Alpen Laender: Labor Community of the Alpine Arc Regions) as a means of dealing with common problems and questions within the framework of a reciprocal European integration. This community's aims are:

- To maintain and enhance Alpine areas in view of the new conditions posed by industrial society;
- support upland agriculture and forestation which are considered vitally important;
- improve job opportunities for inhabitants of the Alpine regions;
- harmonize placement policies;
- coordinate and plan international road and railway communication links;
- consolidate and develop Alpine regions as a large tourist area of European interest through improvement of natural equilibrium;
- preserve specific cultural traditions.

It functions through permanent organizations such as the Council of Chairmen of Regional Boards; committees for traffic, for mountainous areas, for culture; the working groups of administrative officials and of the coordination centers. Starting with the awareness that in general the solution of numerous economic

and social problems that are not secondary, and that have a decisive effect on the workers' standard of living, is to be found in an area different from the traditional one of the provincial administration, of the regional administration and even of the national administration, the leaders of the Lombard CGIL-CISL-UIL Federation, and of the Munich DGB [German Trade Union Federation] have agreed that the Arge-Alp area interests are homogeneous in many ways. It merits a special trade union commitment to play the role of bearer of unified proposals regarding the representational makeup of the regional administrations involved.

The clear and authoritative contribution by Jakob Deffner, president of the Bavarian DGB, and his close collaborators was decisive in drafting the proposals presented by the CGIL-CISL-UIL Federation and in the development of a common platform.

The foundation for this trade union "alliance" was laid in the first meeting in Bolzano. Participating were the CGIL-CISL-UIL Federations of Lombardy, Trento and Bolzano, the Bavaria DGB, and the North Tyrol OGB [Austrian Trade Union Federation]. They also agreed to hold the first seminar on the subject at the end of May in Varese.

The seminar was held as planned and it fully met expectations in regard to exchanges of views and understandings.

The reports and debate clearly displayed the full compatibility of this international dimension of confrontation and research which would be functional also in regard to Community policies, and especially in regard to regional policy. Aside from support by the Fund, it is these regional policies that must promote and ensure--as much as possible even among nonmember nations--a coordination of effort that would avoid duplication, fruitless competition and actual waste of resources that are already extremely limited as a rule.

More particularly, the three reports emphasized the need to aim for improvement and better utilization of the resources in the area to play the natural role of hinge between Central Europe and the sea, a role it derives from its geographical position.

In this context, the first report proposed themes upon which to concentrate the commitment of "The Labor Community of the Central Alpine trade unions belonging to ETUC," for the establishment of a line of common objectives: Employment, international liaison, housing, energy policy, improvement of conditions in mountainous areas, social tourism and policies in regard to leisure time. Salzburg OGB Assistant Director Fink and Bavaria DGB President Jakob Deffner dealt with national problems affecting the Alpine arc regions, stressing the need to concentrate on planned development of the Alpine regions. On one hand, the aim would be to ensure that workers would have a right to qualified work in their areas of origin, and on the other hand, full conservation of natural beauty. In addition, they emphasized that administrative policies should give greater consideration than in the past to workers' interests

The conference concluded with the adoption of a brief working document. Among other things it called for two meetings: One between the two working groups (economic policy and social policy); the other among the eight delegations on 18 and 19 November in Bavaria.

The trade union Arge-Alp has therefore taken off. Everyone's commitment must now be to make it progress at a pace compatible with that of pressing problems which the workers of the eight regions hope will be confronted and resolved.

Even though the process of organization of a new European regionalism will require constant effort and much time, the Italian trade union is committed to following up the initiative. The establishment of an interregional trade union of frontier areas has been planned for 9 October 1982. Included are the cantons of Ticino, Grigioni, and Vallese, and the provinces of Varese, Como, Sondrio and Novara.

A New Interregional Council

On 9 October 1982, the Seventh CSI (Interregional Trade Union Council) was established at Como. It brought together the CGIL-CISL-UIL Lombardy Federation (also representing the Piedmont Federation), and the trade union organizations of Ticino: The Ticino Christian-Social Organization (OCST) and the Chambers of Labor, (representing the Vallese and Grigioni organizations). The Interregional Trade Union Committees [as published] plan to create conditions within the ETUC that would facilitate a dialogue between the trade union organizations and frontier regions.

6034

CSO: 3528/21

DEFENSE MINISTER REJECTS SDP DEMAND FOR BUDGET CUTS

Copenhagen BERLINGSKE TIDENDE in Danish 8 Nov 82 p 9

[Article by Michale Ehrenerich]

[Text] Defense Minister Hans Engell rejects the Social Democratic demand for defense budget cuts amounting to 600 million kroner over the next 2 years. The Social Democratic demand for cuts is being discussed today at a meeting of the so-called 11-man committee that keeps an eye on the defense compromise.

"The Social Democrats should not expect any Conservative sympathy for an intervention that would affect materiel and troop strength conditions in the armed forces so deeply. The Social Democratic proposal for cuts would mean removing as large a sum from the defense budget as it received under the defense compromise and that is too steep," Hans Engell said yesterday at the Conservative national council meeting.

He pointed out that changes in the defense compromise require unanimity between the government parties and the Social Democrats.

"We therefore assume that the Social Democrats are not planning a unilateral breach of the compromise by proposing and perhaps upholding a bill that can only be passed with the support of SF [Socialist People's Party], VS [Left-Socialist Party] and R [Radical Liberal Party]. That would be unworthy of them and it would break with the broad political cooperation that has helped for many years to create stability in the area of Danish defense," said the defense minister, who stressed that exactly the same position applied to the question of deploying medium-range missiles in Western Europe. The Social Democrats have announced that the party cannot support the Danish portion of funding for the installation of the missiles.

6578

CSO: 3613/22

MILITARY

DENMARK

BRIEFS

ARMED FORCES RECRUITMENT IMPROVES--The number of young men eligible for the draft who enter the armed forces voluntarily has risen by a third compared to last year, the defense command revealed. In all, 82 percent of those performing military service are volunteers today. The growing interest is due not only to unemployment but to a more positive attitude about the armed forces among young people. [Text] [Copenhagen BERLINGSKE TIDENDE in Danish 6 Nov 82 p 2] 6578

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